

CITY COLLEGE PLYMOUTH

REPORT & FINANCIAL STATEMENTS

31 JULY 2020

Key Management Personnel, Board of Governors and Professional Advisers

Key Management Personnel

Key management personnel are defined as members of the Senior Leadership Team and its advisors and were represented by the following in 2019/20:

Jackie Grubb – Principal and CEO, (Accounting Officer)

Ben Manning – Deputy Principal Curriculum & Quality

Lorraine Hill – Chief Finance Officer (CFO)

Alison Hackett – Director of People (27 April – 10 July 2020)

Mark Trewin - Interim Digital Transformation Manager (from 25 June 2020)

Gary Hancox- Interim Partnerships and Commercial Manager (from 20 July 2020)

Board of Governors

A full list of Governors is given on page 23-25 of these financial statements.

The following have acted as Clerk to the Governors during the year:

Mrs Liz Wiltshire-Meads until 30 December 2019

Ms Unity Stuart from 20 January 2020

Professional advisers

Financial statements auditor and reporting accountant:

PKF Francis Clark

Chartered Accountants and Statutory Auditors

North Quay House

Sutton Harbour

Plymouth

PL4 0RA

Internal auditor:

RSM

Hartwell House

55-61 Victoria Street

Bristol

BS1 6AD

Banker:

Barclays Bank PLC

4th Floor

Bridgwater House

Counterslip

Finzels Reach

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Solicitor:

Wolferstans

Deptford Chambers,

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City College Plymouth
Financial Statements for the Year Ended 31 July 2020

Strategic Report

NATURE, OBJECTIVES AND STRATEGIES

The governing body present their report and the audited consolidated financial statements for the year ended 31 July 2020.

Legal status

The Corporation was established under the Further and Higher Education Act 1992 and the College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

The Corporation was incorporated as Plymouth College of Further Education. The Secretary of State granted consent to the Corporation to change the College's name to City College Plymouth with effect from 1 December 2006.

Vision and Purpose

Governors reviewed the College's vision and purpose during 2019/20 and adopted a revised statement in July 2020 as follows:

Our vision and purpose - To be the learning destination of choice.

Our values

- Respect
- Ownership
- Integrity

Our priorities

- Staff - Our most important investment
- Students - Our purpose
- Community - Making a difference
- Achievement - Reputation for success
- Wellbeing - Infusing health into everyday

8 Strategic Actions

We have identified the following Strategic Actions.

1. Curriculum Strategy
2. Assets and Estates
3. Finance
4. People
5. Systems and Processes

6. Health and Wellbeing
7. Manufacturing, Maritime and Construction
8. Opportunities

Each strategic action has been allocated an owner who is responsible for preparing strategic action plans in support of the delivery of the operational elements of the strategic action.

Financial objectives

The College's financial objectives are to:

- Ensure the long term viability of the College and matching of resources with objectives.
- Manage net current assets to ensure alignment to plan.
- To have cash days in hand at sustainable levels across the life of plan.
- To support investment in staff development and wellbeing.
- Raise the whole College average class size by a minimum of 10% by 2020-21.
- To maintain the ratio of pay expenditure to income at no more than 65% to ensure that this area remains well controlled.
- To identify and deliver year on year improvements in cost effectiveness of operating activities and deployment of resources.
- To support capital investment to refurbish the College Estate.
- To further improve awareness of financial issues by providing advice, guidance and training to staff, management and governors on funding, funding methodologies, budgeting and the college's financial procedures.

A series of performance indicators have been agreed to monitor the successful implementation of the policies. The financial objectives will be reviewed as part of the finance strategic action plan.

RESOURCES

The College has various resources that it can deploy in pursuit of its strategic objectives.

Tangible

Tangible resources include the main college site.

Financial

The College Group has £16,660,000 (2018/19: £14,532,000) of net assets excluding the defined benefit pension obligation of £43,574,000 (2018/19: £29,414,000). There is long term bank debt of £4,297,000 (2018/19: £4,857,000).

People

The College Group employs 713 people of whom 508 are teaching staff.

Students

The College Group enrolled approximately 10,207 students. The college's student population includes 3,000 16-to-18-year-old students, 1,400 apprentices, 573 higher education students of which 99 were international students, and 5,200 adult learners.

Reputation

The College Group has a good reputation locally and nationally. Maintaining a quality brand is essential for the College's success at attracting students and external relationships.

STAKEHOLDER RELATIONSHIPS

In line with other colleges and with universities, City College Plymouth has many stakeholders. These include:

- Students;
- Education sector funding bodies;
- FE Commissioner;
- Staff;
- Local employers (with specific links);
- Local Authorities;
- Local Enterprise Partnerships;
- The local community;
- Other FE and HE institutions;
- Trade unions;
- Professional bodies.

The College recognises the importance of these relationships and engages in regular communication with them through the College Internet site and by meetings.

It considers good communication with its staff to be very important and, to this end, holds termly staff meetings and staff receive regular College news and updates through Principal briefings and the Staff Central internal website. Appraisal, e-mail and team briefing systems are fully utilised, and the College encourages staff and student involvement through membership of formal committees.

Two student governors and two staff governors are members of the Corporation.

The College carries out regular surveys on both student and employer perceptions of the College and student and staff feedback on particular issues is encouraged by the focus groups. A staff satisfaction survey is conducted annually.

The FE Choices learner satisfaction and employer satisfaction surveys were postponed this year due to COVID-19 but in the previous year, learner satisfaction was 93.9% placing the College third in the country, and second in the South West. The employer satisfaction rates were also high at 89%.

PUBLIC BENEFIT

City College Plymouth is an exempt charity under the Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 23-25.

In setting and reviewing the College's vision and purpose, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the College provides identifiable public benefits through the advancement of education to 10,207 students, including 165 students with high needs. The college group provides courses without charge to young people, to those who are unemployed and adults taking English and Maths courses. The college group adjusts its courses to meet the needs of local employers and provides training to 1,433 apprentices. The college group is committed to providing information, advice and guidance to the students it enrolls and to finding suitable courses for as many students as possible regardless of their educational background.

The college group provides high-quality teaching and has strong student support systems. Activities are undertaken to engage with hard to reach students and those from disadvantaged backgrounds. Bursary funding is used to support students with travel to college and help towards meal costs and costs such as childcare. Contributions towards equipment and personal protection equipment (PPE) are available. The college group wishes to ensure that no student is excluded from learning and reaching their full potential.

The College has an excellent employment record for students through its strong links with employers, industry and commerce, and links with the local authority and Local Enterprise partnerships (LEPs).

The College has a high quality careers system that helps young people have the best start to their working lives and provides high quality careers advice, free to all, in line with the Governments Careers Strategy.

DEVELOPMENT AND PERFORMANCE

FINANCIAL RESULTS

The Group generated a surplus before actuarial losses in the year of £464,000 (2018/19: £1,035,000 deficit).

Reconciliation of accounting to operational performance

In the compilation of statutory financial statements there are a number of accounting adjustments made which translate the underlying operational performance of the College to the reported accounting position. For transparency and to assist the reader of these financial statements, the following reconciliation is provided:

	2020	2019
	£'000	£'000
College Operational Surplus	2,158	757
Gift aid from subsidiary undertaking	182	335
Adjustments for defined benefit pension obligations	(1,664)	(2,074)
Movement in holiday pay accrual	(173)	8
Reported College Surplus/(Deficit) for the year	503	(974)
Subsidiary undertaking Surplus	27	5
Amortisation of goodwill on consolidation	(66)	(66)
Reported Group Surplus/(Deficit) for the Year	464	(1,035)

The College proactively manages its cost base and has aligned staffing levels to delivery requirements whilst maintaining high quality teaching, learning and assessment, and student outcomes. The College carefully monitors cashflow through daily and weekly cashflow forecasts and reports against loan covenants within the monthly management accounts. A cashflow template is submitted to the ESFA on a monthly basis and regular reviews of the cashflow are held with the College bankers, Barclays. Plans are monitored regularly by the Board.

The College disposed of its Goschen Centre in October 2019. All stakeholders were kept up to date with the progress of the sale and the agreed sale value. An impairment of the asset has previously been made in the SOCI. The asset and associated costs has been written out of the accounts in 2019/20. This resulted in a further charge to the SOCI of £134k in 2019/20.

2019/20 has been challenging in terms of monitoring the College finances as a result of the COVID-19 situation making forecasting difficult due to uncertainties in apprenticeship delivery in particular. Weekly detailed monitoring was immediately implemented during the period March to June when the College partially reopened to students. Despite initial concerns and a number of financial risks being identified at the start of the lockdown, an improvement in the financial situation was seen as each month passed with the initial risks offset to some extent by income guarantees in respect of both 16-18 and AEB funding, and significant cost savings realised whilst the College remained all but closed to students. The assumed loss in income from apprenticeship delivery did not materialise with the apprenticeship income earned for the year exceeding the original budget target.

The position in 2019/20 is exceptional. The budget for 2020/21 has been set at £225,000 surplus (excluding pension adjustments) reflecting the expected continuing loss of commercial income opportunities, and increased costs of making the building safe and secure for staff and students.

Cash flows and liquidity

At £3,751,000, net cash inflow from operating activities (2018/19: £1,696,000 inflow) was reasonably strong. The increase from the prior year is due to the reported improvement in the operating performance before depreciation and capital losses.

Cash in hand at the end of July 2020 at £4,749,000 was significantly higher than the previous year (2018/19: £1,135,000).

The size of the College's total borrowing and its approach to interest rate management, is monitored to ensure there is a cushion between the total cost of servicing debt and operating cash flow. During 2019/20 the cushion was sizable: the interest paid of £157,000 was clearly exceeded comfortably by the operating cashflow of £3,751,000.

Reserves

The College Group has accumulated reserves (excluding pension liabilities) of £16,660,000 (2019: £14,532,000) and cash balances of £4,749,000 (2019: £1,135,000). The college wishes to accumulate reserves and cash balances in order to create a contingency fund to meet future capital requirements, and provide a balance to meet commitments should the college be put into lockdown again.

Sources of income

The College Group relies on the various funding bodies for its principal funding source, largely from recurrent grants. In 2019/20 the various funding bodies provided 77.62% of the College Group's total income.

Group companies

The College has a subsidiary company, Achievement Training Limited, a private training provider operating in Plymouth. Any taxable profits generated by the subsidiary are transferred to the College under deed of covenant (gift aid). In the current year, the surplus gift aided was £182,000 (2019: £335,000).

CURRENT PERFORMANCE AND HIGHLIGHTS

The College is committed to observing the importance of sector measures and indicators and use the FE Choices data available on the GOV.UK website which looks at measures such as achievement rates. The College is required to complete annual financial returns for the Education and Skills Funding Agency (ESFA). The financial health score for 2018/19 was confirmed as 'Good'. The financial health score for 2019/20 is expected to be 250 which will return a calculated 'Outstanding' grade. The College expects to moderate the score downwards to 'Good' due to the exceptional circumstances during the COVID-19 period. This would be in line with the monthly management account forecasts.

Further Education Commissioner (FEC) review

During the year the College was subject to a follow up review by the Further Education Commissioner (FEC). The final report noted the College has made considerable progress since the FEC team's visits in November 2018 and January 2019 in improving its financial position. A small number of further recommendations were made which have been implemented in full. No further FEC visits are planned but the College is required to report progress against the recommendations, and these should be monitored by the ESFA.

Regular monitoring meetings have also taken place with the ESFA who are positive about the progress made.

College highlights

We are bold and ambitious not just for our college and for our students, but for the whole of the city and we have much to celebrate. Ultimately colleges like ours are judged by the achievements of our students. We know that students rate very highly their experience with us, as do those employers with whom we work.

The College is engaging fully with its communities, providing the highest quality education and training and creating opportunities not just for the young people of Plymouth, but for adults returning to learn, people seeking to enhance their career opportunities and those looking for employment.

Some specific achievements include:

- Confirmation was received that the Maths Centre for Excellence funding has been extended by the DfE to March 2023. Last year the Centre had over 4500 interactions with internal and external students and the community to support them with their maths skills, and we aim to build on this further for 2020/21.
- In November the College hosted the Heads of the Centres for Excellence Programme forum which saw all 21 Centres for Excellence join together to discuss progress. As part of this forum City College Plymouth presented to showcase our own progress towards excellence.
- The Maths Centre for Excellence has been nominated by the ETF for a Queens Anniversary Trust Award due to our response to COVID19, our continued innovation and research project.
- The College has been awarded one of the 11 funded MarRI-UK innovation projects. The only college in the country to have the fund and positions the College as an organisation leading the way, researching and developing capabilities surrounding hydrogen fuel cells in the marine autonomous sector. The DFE will fund City College Plymouth circa £2million of capital grant to fully fund the creation of facilities and purchase of industry leading equipment to deliver an innovative new curriculum of higher level technical courses (Level 3, 4, 5 and 6) within the Marine, Engineering, Manufacturing and Digital Sectors, city priority sectors.

- The College has received £365,508 of DFE funds to date which has enabled us to significantly move forward with the purchasing of specialist equipment for the new Degree programme in Applied Computer Science.
- The refurbishment and re-branding of the Student Centre into the 'Student Union' has had a significant impact on its usage and the range of students using it. The Student Union is now a bright vibrant space that has become of focal point for students and a place where they can easily gain access to support or signposting.
- The college received a 'Letter of Comfort' from the ESFA guaranteeing additional in-year funding if learner numbers exceeded 66 growth on RO4. The number reported on the RO4 was 2,586 which was a growth of 109 for in year funding calculations, and an additional £484,000 of funding was received in year.
- In November, the College hosted a 'Hustings Event' with students from a variety of curriculum areas grilled local electoral candidates on their parties' policies and how they will benefit the young people of Plymouth.
- Hospitality and catering students were given an exciting opportunity to work with two American celebrity chefs to create a Thanksgiving inspired dinner for VIP guests. The exclusive, invite-only reception - co-hosted by the College, the U.S. Embassy, Plymouth City Council and Mayflower 400 - took place in the College's PL1 training restaurant. Over 80 guests were greeted with a signature Mayflower cocktail (created by a student), before enjoying a traditional Thanksgiving dinner.
- A College working group was set up to consider Mayflower projects that can include both students and staff, as well as leaving a legacy. Of particular importance is the Mayflower replica ship that was built by students from Babcock, Princess Yachts, Pipex and Alderman Tooling (as part of a College project) which will take up a temporary home in the City's The Box which was opened in the spring of 2020.
- Art students worked with Kier Living on a project to cover up a hoarding in North Prospect.
- Skills development students took part in a regional pan-disability football tournament held by the Association of Colleges (AoC) at Marjons on Thursday 28 November. The team took on other colleges from across the South West, including teams from as far afield as Truro and Weston-Super-Mare. The students gave a great show and did the College proud, working hard for each other and displaying some fine skills.
- Erasmus students from the Hague have been working with our IT students to create a user generated app. 'Way Buddy' will allow tourists to explore the cities they are visiting.
- Students and lecturers from the HE team ran a two-day 'festival of research' event, which was attended by industry experts from the across the marine sector. The students had the chance to discuss their projects and demonstrate their theories before moving onto the build phase.
- In December the Business Engagement team secured a small contract to deliver HR training to Plymouth City Council, approximately 400 staff with short sessions.
- An Apprentice has added another accolade to her rapidly growing list. After being named Student of the Term in December and receiving an invite to train for Team UK at the Skills Olympics in 2021, this apprentices' latest highlight was being named the overall winner of the Construction Apprentice of the Year Awards at an event hosted by Building Plymouth and the Plymouth Manufacturers' Group (PMG) in February.
- February saw the Chefs Major Series get underway at South Devon College. City College Plymouth took five competitors to the competition, who brought home one gold, two slivers, one bronze and a merit.

- Construction and Engineering apprentices competed in Awards, in March, with a female student winning Building Plymouth Apprentice of Year 2020, a further two rising start awards were also identified in the Plymouth Manufacturing Group Apprentice of the Year awards.
- In April one of our female construction students won the Johnstone's Young Painter of the Year.
- The College collected all residual items of PPE and donated them to St Luke's Hospice, Plymouth, who were grateful for our support to their frontline care workers supporting patients with life-limiting conditions.
- The College maintained an ever-evolving focus on business continuity arrangement to protect our College Community. The combined efforts from all teams across the College, has been incredible to ensure we maintained a safe working and learning environment, as well as making the transition into remote delivery. The vast majority of students achievement (89.1%) was protected and they have progressed onto their next stages in their life journey.
- Digital Champions have been appointed within existing staff with advanced IT Skills. This initial core of staff will be the go-to team members that support and nurture the use of digital skills across the College.
- Students with significant issues achieved well at the College. 2019/20 overall achievement for safeguarded students was 84.3%, and for Looked After students 86.6%. There were 28 students on the pregnancy list, the college retained the majority of them (92.9%) and of those who remained 84.6% passed their qualification.

Careers advice- Gatsby benchmarks

The College benchmarks itself using the Gatsby Benchmarks -a framework of 8 guidelines that define the best careers provision in secondary schools and colleges. The College score against each benchmark was as follows:

- *A stable careers programme*

Every college should have an embedded programme of career education and guidance that is known and understood by pupils, parents, teachers and employers. Score 100% (previous year 100%).

- *Learning from career and labour market information*

Every student, and their parents, should have access to good-quality information about future study options and labour market opportunities. They will need the support of an informed adviser to make best use of available information. Score 100% (previous year 100%).

- *Addressing the needs of each pupil*

Students have different career guidance needs at different stages. Opportunities for advice and support need to be tailored to the needs of each pupil. A school's careers programme should embed equality and diversity considerations throughout. Score 91% (previous year 91%).

- *Linking curriculum learning to careers*

All teachers should link curriculum learning with careers. For example, STEM subject teachers should highlight the relevance of STEM subjects for a wide range of future career paths. Score 100% (previous year 100%).

- *Encounters with employers and employees*

Every pupil should have multiple opportunities to learn from employers about work, employment and the skills that are valued in the workplace. This can be through a range of enrichment activities including visiting speakers, mentoring and enterprise schemes. Score 100% (previous year 100%).

- *Experiences of workplaces*

Every pupil should have first-hand experiences of the workplace through work visits, work shadowing and/or work experience to help their exploration of career opportunities and expand their networks. Score 75% (previous year 100%). Score impacted by COVID-19 situation.

- *Encounters with further and higher education*

All pupils should understand the full range of learning opportunities that are available to them. This includes both academic and vocational routes and learning in schools, colleges, universities and in the workplace. Score 100% (previous year 58%).

- *Personal guidance*

Every pupil should have opportunities for guidance interviews with a careers adviser, who could be internal (a member of school staff) or external, provided they are trained to an appropriate level. These should be available whenever significant study or career choices are being made. They should be expected for all pupils but should be timed to meet their individual needs. Score 100% (previous year 100%).

FUTURE PROSPECTS

Financial plan

The College governors approved a financial plan in July 2020 which sets objectives for the period to 2022. The College aims to maintain its health rating of 'Good' and achieve a small surplus in the year to 31 July 2021.

Despite the favourable position outturned for 2019/20 the situation for 2021/22 is considerably more uncertain. It is likely that the macroeconomic picture will be one of recession in the short-term. This plan has been designed to consider the likelihood of decreases in income in affected areas, particularly in apprenticeship delivery, commercial income and fee income. A revised curriculum plan, taking account of estimated COVID-19-induced delivery reductions has been produced and forms the basis for income estimates where appropriate. Some reduction in cost has also been assumed to keep cost structures in place, but in general pay cost reductions are not assumed to be made in the same proportion as income is lost due to the difficulty of achieving savings in year at this stage on already lean delivery structures.

It is also possible that some areas of delivery (for example, training for the unemployed) will increase and new funding income will be available to support this. This potential income opportunity has not been modelled in the budget, as it is still speculative at this stage. Equally, no changes in funding policy have been assumed.

If the forecast is achieved, impact on cash and solvency will be manageable, which is the overriding driver for the immediate financial objectives.

Future developments

The College is currently investing in a new facility to accommodate its new autonomous marine vehicle programme. The facility will be at the new Oceansgate development in Devonport. The College will take out an initial 20 year lease on the premises. The College is responsible for the fit out of internal areas. This will be funded by the Institute of Technology (IoT) Grant. The facility will enable the College to launch a number of new courses which are aligned to the local and regional economies. This will increase student recruitment through both the broader range of courses on offer and the higher standard of delivery.

Curriculum developments

The College has an excellent reputation for curriculum innovation and change. It has introduced new courses in many areas of the curriculum in order to meet student needs more fully.

The College is taking a leading role in the City in extending the available foundation learning curriculum that is innovative and meets the needs of students.

A key theme is the enhancement of our students' employability skills: literacy, numeracy and IT skills; positive attitude; thinking and solving problems; working together and communicating; and understanding business. The curriculum will continue to be enhanced to ensure that our learners have opportunities for developing, demonstrating and recording these skills.

The College also continued the successful Jumpstart programme, for 14-16 year old learners. Jumpstart provides alternative provision to support young people in their final years of compulsory education. The main emphasis of this expansion is to provide opportunities for pupils to experience further education and to engage in work related learning and to encourage post 16 education.

The College has developed bespoke HE provision in line with employer driven demand. This has created opportunities to diversify income and move to full cost recovery working with employers, and also working more closely with sector skills councils to identify specific skills gaps. A range of progression activities also encourage greater take up of HE from level 3 courses at the College.

The new apprenticeship levy and changes to rules around apprentice qualifications has enabled the college to embrace changes to apprenticeship delivery, working with our partner organisations to develop bespoke apprenticeship 'standards' qualifications and move away from the traditional apprenticeship frameworks.

Many of our students have low levels of prior educational achievement. The College is growing the range of courses aimed at students who are returning to education. These include the Personalised Learning Programme and Skills for Life programmes.

Other courses prepare students for university. These include:

- Access courses for adults
- Close liaison with the University of Plymouth and Plymouth Marjon University for the delivery of a wide range of Foundation Degree programmes

The College is working on different methods of delivery, including a greater element of online learning, linked very much to our digital agenda and the restrictions placed on College attendance due to COVID-19. For example, we have specific online courses for Care and Maths GCSE planned for September 2020 starts. An online pre access course was delivered during the summer of 2020, aimed at bridging the gap for those students who would struggle to come straight on to an access course. This recruited well and it is planned to roll this out during further in 2020/21.

We have developed a suite of sports qualifications under the YMCA banner specifically focusing on health and fitness.

The College is also looking at offering traineeships in hair and beauty and hospitality.

Institute of Technology

The College has also been successful in its bid to be recognised as an Institute of Technology (IoT) which is formed from a collaboration between Further Education providers, Higher Education providers and employers. The IoT will offer top-quality training and apprenticeships in higher-level technical skills with a particular focus on science, technology, engineering and mathematics (STEM).

The mission of the South West Institute of Technology is to:

- provide employers with the skills that they need to succeed, now and in the future
- provide learners with excellent technical education
- enable the South West to become one of the world's leading regions for digital, engineering and manufacturing technologies

A new Marine Autonomous Vehicle course will commence delivery in September 2020.

Higher Education

The College entered a partnership with Plymouth Marjon University to develop a suite of HE qualifications between levels 4 and 5 within the creative industries. 10 new courses were run in 2019/20 with further courses planned from September 2020 including:

- FdA and BA (Hons) in Make-Up Artistry
- FdA and BA (Hons) Live Events

Digital transformation

The College is embarking on a digital transformation agenda as part of its digital strategy. There are a number of short to medium term projects including:

System Review: Undertake a detailed evaluation of our current systems in stages, initially focussing on college-wide core systems that have the most significant impact on our students and staff; assessing effectiveness, whether they support our vision of how we want the college to operate and the value they will add, assess upfront and recurrent cost, interoperability and sustainability. Assess duplication of activity, inefficiencies and bureaucracy that negatively impact college life.

Modernise our communications channels: Review communications technology across the college to enable mobile working and support staff wellbeing. Move away from desktop devices and towards softphone, computer-based telephony solutions that follow the user. Encourage greater use of chat functions to reduce email burden and embed video conferencing expectations to support flexible working.

Digital Leadership: Empower College leaders to become digital leaders, setting best practice and driving operational change. Drive this through the introduction of a digital leadership initiative, invest in effective IT solutions for the College Leadership Team and provide training on how to maximise their use. Agree on an expectation that all meetings should be digitally driven, supported and minuted.

Modernise our classroom resources: Allowing flexibility in the classroom is essential to move from fixed / restrictive classroom setups to environments where IT resources are on demand. Embark on a structured programme of replacing traditional desktops with mobile IT resources based in the classroom. Invest in audio/video solutions to facilitate live streaming from the classroom, while maximising existing solutions to ensure affordability.

Support flexible working: Invest to provide all teaching staff with mobile devices to replace current desktop solutions. Train staff on how to maximise the use of the devices, to drive innovation in the classroom and in wider college life.

Modernise the college Infrastructure: For all solutions to work effectively - managing risk, delivering cloud-first, digital-first, mobile working and meeting expectations - modernising the college infrastructure will be fundamental. We must develop an infrastructure investment plan with clear budgets and objectives. We must mitigate risk to cloud-first working with improved network resilience. We must modernise our WIFI infrastructure across the college. We must focus on the security and resilience of our infrastructure.

Use of data: Review how the college accesses, digests and uses the huge amount of data and information it collects to get the maximum benefit. Explore dashboard solutions and other infographic and analytical media to empower college leaders and decision-makers. Implement a simple, automated, powerful solution spanning all college data sources.

Partnerships: We need to form strategic partnerships with regard to fundamental parts of our infrastructure. These partnerships should provide strategic support to deliver our goals and understand the opportunities available to us; operational support in the implementation and delivery of our plans, identifying best practice, maximising our investments and identifying skills gaps and training; day to day support and advice on maximising the use of the technology and supporting effective maintenance.

We have already made Google our technology partner to support business teams and teaching and learning with some of the most advanced and progressive technology available. This has enabled all staff and students to have access to cloud-based technologies that support them in their work/study from virtual lectures through to creating and collaborating in real-time across a range of platforms and programs such as Doc, Sheet and Slides.

We are providing all staff and students Statistics24 and Safeguarding24 which will give us detailed analytics and data, illustrating our students use of technology from basic engagement through to their preferences in learning, times of the day they learn and what types of devices they use. This in turn will enable us to refine and continually improve our online learning experience and capability.

We have secured 650 high-spec Chromebooks which will add to our existing stock to support remote and flexible learning. We have also purchased over 180+ webcams and headsets to support remote learning. The tools and techniques being used by our staff is constantly evolving as we gain digital mastery and innovate new ways of working.

Many of these examples set City College Plymouth apart from other education providers. We have a progressive and inclusive culture where staff and students are supported with their ideas and personal development.

A full Digital Transformation strategy is being finalised for execution in 2021. We are only at the beginning of our journey.

Treasury policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate treasury management policy in place.

Short term borrowing for temporary revenue purposes is authorised by the Chief Finance Officer (CFO), in liaison with the Head of Finance. All other borrowing requires the authorisation of the Corporation and shall comply with the requirements of the Financial Memorandum / Funding Agreement.

The College has no plans to increase borrowings in the near future.

During 2019/20 the College took advantage of two medium term investments through notice accounts. The College generated £14,000 of interest compared to only £2,000 in the previous year as a result. Interest rates at present are very low and investment opportunities are limited but will be kept under review and medium and longer term investments will be made where this is financially advantageous.

Reserves

The College has no formal Reserves Policy but recognises the importance of reserves in the financial stability of any organisation and ensures that there are adequate reserves to support the College's core activities. The College Group reserves include £44,000 held as restricted reserves. As at the balance sheet date the Income and Expenditure reserve excluding pension provision stands at £11,621,000 (2019: £9,209,000). It is the Corporation's intention to increase reserves over the life of the strategic plan through the generation of annual operating surpluses.

PRINCIPAL RISKS AND UNCERTAINTIES

The College has undertaken further work during the year to develop and embed the system of internal control, including financial, operational and risk management which is designed to protect the College's assets and reputation.

The College has a comprehensive risk register which is reviewed and updated by the Risk Management group monthly. The risk register is reviewed at each Audit Committee, and specific high risk areas are also monitored by individual committees. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system.

The risk register has been updated for the potential impact of COVID-19 related matters. The risk register is aligned to the corporate strategy.

COVID-19:

The principal risks and uncertainties for 2020/21 and beyond are likely to be sensitive to COVID-19 related matters. The budget set for 2020/21 reflects current anticipated impact in various income streams and increased costs relating to COVID-19.

A Momentum Working Group (MWG) has been established with cross college managers to assess financial risks and define solutions to mitigate where possible. This financial risk and any current impact is monitored on a regular basis.

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

1. Government funding

The College has considerable reliance on continued government funding through the further education sector funding bodies. There can be no assurance that government policy or practice will remain the same or that public funding will continue at the same levels or on the same terms.

The College is aware of several issues which may impact on future funding, including further reforms to apprenticeships, the introduction of 'T' levels and the devolution of the adult education budget. The College, in conjunction with its key stakeholders, is developing a strategy for growth in response to these developments.

This risk is mitigated in a number of ways:

- Funding is derived through a number of direct and indirect contractual arrangements.
- By ensuring the College is rigorous in delivering high quality education and training.
- Considerable focus and investment is placed on maintaining and managing key relationships with the various funding bodies.
- Ensuring the College is focused on those priority sectors which will continue to benefit from public funding.
- Continuing dialogue with the funding bodies.

2. Tuition fee policy

The current fee assumption remains at 50%, although a Government review of FE funding is expected in the near future. In line with the majority of other colleges, City College Plymouth reviewed tuition fees in accordance with the fee assumptions. The removal of funding from many traditional L3 courses towards more technical qualifications, which will have the result of forcing more students down the loan route until the College moves to the new qualifications, brings a risk that demand falls as fees increase. This will impact on the growth strategy of the College.

This risk is mitigated in a number of ways:

- By ensuring the College is rigorous in delivering high quality education and training, thus ensuring value for money for students.
- Close monitoring of the demand for courses as prices change.
- Review of the fees policy annually.

3. Maintain adequate funding of pension liabilities

The financial statements report the share of the Local Government Pension Scheme deficit on the College's balance sheet in line with the requirements of FRS 102. This risk is mitigated by an agreed deficit recovery plan with Devon County Council.

4. Failure to maintain the financial viability of the College

As referred to in 'Performance indicators' within the Members' Report, based on forecast accounts for the 2019/20 year, the College's current financial health grade is being auto calculated as 'Outstanding' but will be self graded by the College as Good, this is due to cost savings resulting from the lockdown and a large proportion of the income guaranteed to allocation generating a larger surplus than forecast. Notwithstanding that, the continuing challenge to the College's financial position remains the COVID-19 risks as mentioned previously.

This risk is mitigated in a number of ways:

- By rigorous budget setting procedures and sensitivity analysis.
- Regular in year budget monitoring.
- Robust financial controls.
- Exploring ongoing procurement efficiencies.
- Keeping the cash flow under constant review and taking appropriate action to remain within agreed limits, including negotiating short term overdraft facilities if appropriate.

KEY PERFORMANCE INDICATORS

The College's key performance indicators, targets and results are set out below:

Financial indicators

Indicator	Target/Budget	Actual
Adjusted current ratio	0.79	1.54
EBITDA as a % of income - education specific	6.39%	11.27%
Total borrowing as a % of income	13.87%	13.94%
Staff as a % of Income	65.33%	59.05%
Bank Covenants:		
Debt servicing	100%	507%
Operational Leverage	3.5:1	1.05:1

Student numbers

In 2019/20 the College Group has delivered activity that has produced £24,408,000 in funding body main allocation funding (2018/19: £22,979,000). The College had approximately 8,844 funded and 1,363 non-funded (paying) students.

Student achievements

Students continue to prosper at the College. Overall achievement rates in 2019/20 were 89.1% (2018/19: 89.6%).

Ofsted

At the beginning of March 2020, the College received its second short inspection since it was judged to be good with outstanding features in October 2012. Inspection findings were that the College **continues to be good** and safeguarding is **effective**.

Staff satisfaction

The College considers its staff to be its most valuable resource. The College values staff opinion and provides various platforms to shape and influence the direction of the College. Staff are encouraged to participate in the Staff Forum, where membership has increased to 27.

The College introduced a Staff Survey 'Staff Pulse' which tracked Staff Wellbeing and identified areas for the College to focus on, 28.5% staff were either extremely or very worried about the impact of COVID-19 on the College. 72% staff were confident that they had the right resources to enable them to undertake their role. 81.4% staff are confident in the College's Leadership team to make the right decision during the crisis.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires colleges, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The target set by the Treasury for payment to suppliers within 30 days is 95 per cent. During the accounting period 1 August 2019 to 31 July 2020 the College paid 98.8% per cent of its invoices within 30 days (2018/19: 98%). This represents an average for the year. Payment of creditors is monitored as part of the monthly management accounts. The College incurred no interest charges in respect of late payment for this period.

EQUALITY AND DIVERSITY

Equality

City College Plymouth is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, ability, religion or belief and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis. The College's Equality Policy, including its Transgender Policy, is published on the College's Internet site.

The College publishes an Annual Equality Diversity and Inclusion Report, available on its website, to ensure compliance with all relevant equality legislation including the Equality Act 2010. The College undertakes equality impact assessments on all new policies and procedures and publishes the results. Equality impact assessments are also undertaken for existing policies and procedures on a prioritised basis.

The college is a 'positive about Disabled' employer and has committed to the principles and objectives of the positive about Disabled standard. The College considers all employment applications from disabled persons, bearing in mind the aptitudes of the individuals concerned, and guarantees an interview to any disabled applicant who meets the essential criteria for the post. Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues. The College's policy is to provide training, career development and opportunities for promotion, which are, as far as possible, identical to those for other employees.

The College has committed to the 'Mindful Employer' initiative to assist the mental health wellbeing of staff.

The College has also implemented an updated Equality & Diversity training programme which all staff have attended. Refresher training and training for new starters is carried out on an on-going basis.

Disability statement

The College seeks to achieve the objectives set down in the Equality Act 2010:

- a) As part of its accommodation strategy the College updated its access audit. Experts in this field conducted a full access audit during 2007/08 which was updated in 2012, and the results of this formed the basis of funding capital projects aimed at improving access.
- b) The College has an onsite Coordinator, who provides information, advice and arranges support where necessary for students with disabilities.
- c) There is a list of specialist equipment, such as radio aids, which the College can make available for use by students and a range of assistive technology is available in the learning centre.

- d) The admissions policy for all students is described in the College charter. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- e) The College has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- f) Specialist programmes are described in College prospectuses, and achievements and destinations are recorded and published in the standard College format.
- g) Counselling and welfare services are described in the College Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.
- h) The College has published an accessibility statement on its website outlining the support available to its students with disabilities or difficulties.

Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the college to publish information on facility time arrangements for trade union officials at the college.

Numbers of employees who were relevant trade union officials during the relevant period	FTE employee number
11	10.857
Percentage of time spent on facility time	Number of employees
0%	-
1-50%	11
51-99%	-
100%	-
Total cost of facility time	£14,420.27
Total pay bill	£16,399,192.84
Percentage of total bill spent on facility time	0.088%

Time spent on paid trade union activities as a percentage of total paid facility time	3.3%
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GOING CONCERN

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the College, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College has £919,000 of loan outstanding with bankers on terms negotiated in 2013, and a further £3,378,000 of loan outstanding to Plymouth City Council on terms negotiated in 2016. The College's forecasts and financial projections indicate that it will be able to operate within existing facilities for the foreseeable future.

Despite the challenges as a result of COVID-19, the College group delivered an underlying operational performance ahead of budget in 2019/20, although this was in part attributable to guaranteed income streams offset by substantial savings in premises and non-pay spend. On a day to day basis, the College proactively manages its cost base and has aligned staffing levels to delivery requirements whilst maintaining high quality teaching, learning and assessment, and student outcomes. The College carefully monitors cashflow through daily and weekly cashflow forecasts and reports against loan covenants within the monthly management accounts. Plans are monitored regularly by the Board. Enhanced weekly monitoring of the financial position was implemented during the period March to June 2020 due to the heightened risk from COVID-19 and uncertainties around income, especially apprenticeship income.

Assuming no adverse change to funding levels in Further Education, and allowing for an anticipated growth in student numbers as experienced in 2019/20, the Financial Plan which underpins the Strategic Plan indicates an operational surplus will be achieved in 2020/21 and this will be maintained into 2021/22. There will be challenges due to the ongoing nature of the COVID-19 restrictions, but the improved position for 2019/20 and the high levels of cash balances in hand at the end of July mean the College is well positioned to weather the financial impacts over the next year. The budget set was a prudent budget assuming there will be a continued reduction in income from commercial activities. There is a potential for one of the bank covenants to be breached in 2020/21 but early discussions have already been held with Bank who are supportive of the College position and have indicated that they will look to revise the calculation for the covenant if necessary as the breach is occurring due to the exceptional cash position at the end of July 2020 and potential drop to more sustainable levels at the end of July 2021.

Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

EVENTS AFTER THE REPORTING PERIOD

None

DISCLOSURE OF INFORMATION TO AUDITORS

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Approved by order of the members of the Corporation on 14 December 2020 and signed on its behalf by:



Pauline Odulinski
CHAIR

Statement of Corporate Governance and Internal Control

GOVERNANCE STATEMENT

The following statement is provided to enable readers of the financial statements of the College to obtain a better understanding of its governance and legal structure. This statement covers the period from 1 August 2019 to 31 July 2020 and up to the date of approval of the annual report and financial statements.

Governance Code

The College endeavours to conduct its business:

- a) in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- b) in full accordance with the guidance to colleges from the Association of Colleges in The Code of Good Governance for English Colleges ("the Code").

In the opinion of the governors, the College complies with all the provisions of the Code and it has complied throughout the year ended 31 July 2020 and to the date of signing of the accounts. Whilst not having adopted the UK Corporate Governance Code 2018, the Corporation has due regard to its principles and guidance.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In carrying out its responsibilities, it takes full account of the Code of Good Governance for English Colleges issued by the Association of Colleges in March 2015 (and amended in May 2019) which it formally adopted in June 2015 (and any subsequent amendments).

THE CORPORATION

Members of the Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as listed in Table 1, shown on page 24 -26.

The Governance Framework

The governance framework is the Corporation's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters and personnel-related matters such as health and safety and environmental issues. The Corporation and its sub-committees met 25 times during 2019/20.

The Corporation conducts its business through a number of Committees. Each committee has terms of reference, which have been approved by the Corporation. These committees are: Finance, Performance and Standards, Remuneration, Search and Development and Audit. Meetings are scheduled as and when required, in line with business needs. Full minutes of all meetings, except those deemed to be confidential by the Corporation, are available from the Director of Governance at:

City College Plymouth
Kings Road
Devonport
Plymouth
PL1 5QG

The Director of Governance maintains a register of financial and personal interests of the governors. The register is available for inspection at the above address.

All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation, who is responsible to the Corporation for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Corporation meetings. Briefings are also provided on an ad hoc basis.

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chair and Accounting Officer are separate.

At present and during the COVID-19 period, all meetings were held 'virtually', using the Zoom platform.

During the COVID-19 period the College continued to tender out for services and goods in order to achieve best value for money. Any presentations were conducted online.

Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a Search and Development Committee, consisting of four members of the Corporation, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required.

Members of the Corporation are appointed for a term of office not exceeding four years but may be re-appointed for one additional term after recommendation by the Search and Development Committee to the Corporation.

Table 1: Governors serving on the Corporation during 2019/20

Name	Date of Appointment/ Reappointment	Term of Office	End of Term	Status of Appointment	Committees Served	Attendance
Jackie Grubb	03/06/2019	N/A	N/A	Principal & CEO	Finance, P&S, Search	100%

Prof Pauline Odulinski OBE	24/02/2015 13/12/2018 Chair from 01/08/18	4 year	23/02/2023	General Governor 01/08/2019 - present Chair of Corporation	Remuneration, P&S, Search (Chair)	100%
Andrew Ashley	19/03/2012 18/03/2016	4 year	01/12/2019	General Governor Vice Chair 08/07/2019 - 01/08/2019	Audit, Remuneration, Search	100%
Dr Emily Beaumont	04/02/2019	4 year	03/02/2023	General Governor	P&S	87.50%
Ed Coley	27/03/2019	4 year	26/03/2023	General Governor	Audit	63%
Dickon Court	01/05/2020	4 year	30/04/2024	General Governor	Audit	100%
Adam Croney	04/02/2019	4 year	03/02/2023	General Governor	Audit (Chair)	90%
Adrian Dawson	01/07/2020	4 year	30/06/2024	General Governor	None	0
Hillary Duckett	20/03/2017	4 year	01/04/2020	General Governor	None	100%
David Henley	01/07/2020	4 year	30/06/2024	General Governor	Finance	100%
Paul James	16/12/2019	4 year	15/12/2023	General Governor	Finance, P&S	100%
Martyn Starnes	15/07/2014 08/10/2018	4 year	07/10/2022	General Governor	Finance (Chair), Remuneration	54%
Debbie Taylor	19/11/2018	4 year	19/11/2022	General Governor Vice-Chair of Corporation 01/08/2019-present	Search, P&S (Chair), Audit, Remuneration (Chair)	100%
Emma Tringham	22/10/2013 14/10/2014 21/10/2015 21/10/2016 21/10/2017	4 year	14/02/2020	General Governor	Finance, Remuneration	40%
Brian Wood	01/07/2020	4 year	30/06/2024	General Governor	None	100%
Georgette Harris	31/07/2019	1 year	23/03/2020	Student governor	None	25%
John Helliwell	23/03/2020	1 year	31/07/2020	Student governor	P&S	100%

Caitlin Jackson	31/07/2019	1 year	31/07/2020	Student governor	None	20%
Mike Jones	01/10/2015	4 year	30/09/2020	Staff governor	Finance Search	85%
Cheryl Powell	13/10/2015	4 year	30/09/2020	Staff governor	P&S	75%
Paul Brunt	28/01/2013 08/10/2018	4 year	27/02/2020	Specialist Independent Committee Member	Audit	100%
Unity Stuart	20/01/2020	N/A	N/A	Director of Governance and Clerk to the Corporation	N/A	NA
Liz Wiltshire-Meads	04/03/2019	N/A	30/12/2019	Clerk to the Corporation	N/A	NA

Corporation performance

Governors have a good understanding of what the College needs to do to improve. Since the last inspection they have heightened their challenge to senior managers and work closely with them to secure improvement. The Strategic Plan effectively articulates the ways in which the College contributes to social and economic mobility in Plymouth and improves prosperity for learners, employers and the community. A new plan is being developed to meet the needs of the next ten years to 2030.

The board sets KPI's for their own performance monitored by the board and sets and agrees high level targets for the executive team which are monitored and reviewed for the board and oversight is delegated to the chair on behalf of the corporation.

The Board regularly monitors and reviews their work after every meeting and undertakes an annual detailed review of performance and appraisal of members, the Chair and Director of Governance. The Chair, acting for the board, undertakes the monitoring of targets for senior postholders.

The Ofsted inspection in March 2020 highlighted that Governors use their experience and expertise well to steer the college. Governor's and senior leaders have a clear strategy for the College that has been developed collaboratively with staff, students and Plymouth's communities. They provide very effective support and challenge to senior leaders and focus firmly on improving outcomes for learners and ensuring that the college plays a full and prominent role in the economic development of the city. Governors are investing well in improving resources and accommodation that benefit learners.

Remuneration Committee

Throughout the year ending 31 July 2020, the College's Remuneration Committee comprised four members of the Corporation. The committee's responsibilities are to make recommendations to the Corporation on the remuneration and benefits of the Accounting Officer and other senior post-holders.

Details of remuneration for the year ended 31 July 2020 are set out in note 7 to the financial statements.

Audit Committee

The Audit Committee comprises six members (2 x vacant) of the Corporation (excluding the Accounting Officer and Chair). The Committee operates in accordance with written terms of reference approved by the Corporation.

The Audit Committee meets on a termly basis and provides a forum for reporting by the College's internal, regularity and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers reports from the main FE funding bodies as they affect the College's business.

The College's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan and report their findings to management and the Audit Committee.

Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal, regularity and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.

INTERNAL CONTROL

Scope of responsibility

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Corporation has delegated the day-to-day responsibility to the Principal and Chief Executive, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which she is personally responsible, in accordance with the responsibilities assigned to her in the Funding Agreement between City College Plymouth and the funding bodies. She is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in City College Plymouth for the year ended 31 July 2020 and up to the date of approval of the annual report and accounts.

Capacity to handle risk

The Corporation has reviewed the key risks to which the College is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks.

The Corporation is of the view that there is a formal on-going process for identifying, evaluating and managing the College's significant risks that has been in place for the year ending 31 July 2020 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Corporation.

The risk and control framework

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems, with an annual budget which is reviewed and agreed by the governing body;
- regular reviews by the governing body of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines; and
- the adoption of formal project management disciplines, where appropriate.

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's Post 16 Audit Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee. At minimum annually, the Head of Internal Audit (HIA) provides the governing body with a report on internal audit activity in the College. The report includes the HIA's independent opinion on the adequacy and effectiveness of the College's system of risk management, controls and governance processes.

Risks faced by the Corporation

The College has a comprehensive risk register which is reviewed and updated by the Risk Management group monthly. The risk register is reviewed at each Audit Committee, and specific high risk areas are also monitored by individual committees. The risk register identifies the key risks, the likelihood of those risks occurring, their potential impact on the College and the actions being taken to reduce and mitigate the risks. Risks are prioritised using a consistent scoring system. The risk register has been updated to incorporate COVID-19 related risks. The key strategic risks are outlined in the main strategic report on pages 16 to 18.

Control weaknesses identified

No significant internal control weaknesses were identified in year and up to the date of signing these accounts.

Responsibilities under funding agreements

The Corporation receives reports on any significant changes identified in the annual funding agreements. The detailed reports are scrutinised in the first instance by the Finance and General Purposes committee. The College is subject to an annual subcontract audit, which is undertaken by the external auditor. A report is produced for the consideration of the audit

committee. The audit committee receives the annual regularity self-assessment for review and approval.

Statement from the audit committee

The audit committee has advised the board of governors that the corporation has an effective framework for governance and risk management in place. The audit committee believes the corporation has effective internal controls in place. The specific areas of work undertaken by the audit committee in 2019/20 and up to the date of the approval of the financial statements are:

- GDPR Governance
- Governance Arrangements
- Safeguarding/prevent framework
- Cyber security
- Curriculum Planning
- Funding assurance (ongoing)

All audit reports outline the level of assurance and an action plan is put in place for any risk areas outlined. The action plan is monitored by the Audit Committee via regular progress reports from the internal auditor.

Review of effectiveness

As Accounting Officer, the Principal has responsibility for reviewing the effectiveness of the system of internal control. Her review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditor
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework
- comments made by the College's financial statements auditors, the reporting accountant for regularity assurance, the appointed funding auditor in their management letters and other reports.

The Accounting Officer has been advised on the implications of the result of her review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor and other sources of assurance and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and other sources of assurance, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the senior management team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its December 2020 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2020 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2020.

Achievement Training Limited

The College has a subsidiary company Achievement Training Limited (ATL). The Corporation is represented on the Subsidiary Board by the Deputy Principal. The second director is the Chief Finance Officer. The Head of Finance undertook company secretarial duties.

Day to Day management of the Company is undertaken by a Managing Director, who reports to the College Chief Financial Officer. The Directors hold regular Board meetings and provide at least annual written reports to the College Corporation on performance. The subsidiary is included in the College's internal audit plan, and reviewed cyclically based on risk. Regular reporting of performance to the Corporation is affected through monthly management accounts.

Conclusions

Based on the advice of the Audit Committee and the Accounting Officer, the Corporation is of the opinion that the College has an adequate and effective framework for governance, risk management and control, and has fulfilled its statutory responsibility for "the effective and efficient use of resources, the solvency of the institution and the body and the safeguarding of their assets".

Approved by order of the members of the Corporation on 14 December 2020 and signed on its behalf by:



Pauline Odulinski
CHAIR



Jackie Grubb
ACCOUNTING OFFICER

Statement of Regularity, Propriety and Compliance

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding under the College's funding agreements and contracts with ESFA. As part of its consideration the Corporation has had due regard to the requirements of the grant funding agreements and contracts with ESFA.

We confirm, on behalf of the Corporation, that after due enquiry, and to the best of its knowledge, we are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the terms and conditions of funding under the College's grant funding agreements and contract with ESFA, or any other public funder.

We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the ESFA.

Approved by order of the members of the Corporation on 14 December 2020 and signed on its behalf by:



Pauline Odulinski
CHAIR



Jackie Grubb
ACCOUNTING OFFICER

Statement of Responsibilities of the Members of the Corporation

The members of the Corporation, as charity trustees, are required to present audited financial statements for each financial year.

Within the terms and conditions of the Corporation's Grant Funding Agreements and contracts with the ESFA, the Corporation, through its Accounting Officer, is required to prepare financial statements and an operating and financial review for each financial year in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education, ESFA's college accounts direction and the UK's Generally Accepted Accounting Practice, and which give a true and fair view of the state of affairs of the corporation and its surplus/deficit of income over expenditure for that period.

In preparing the financial statements, the Corporation is required to:

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- assess whether the corporation is a going concern, noting the key supporting assumptions, qualifications or mitigating actions as appropriate,
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the College will continue in operation.

The Corporation is also required to prepare a Members' Report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the College.

The Corporation is responsible for keeping proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the College, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation including the Further Education Act 1992 and Charities Act 2011 and other relevant accounting standards. It is responsible for taking steps that are reasonably open to it in order to safeguard the assets of the College and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the College website is the responsibility of the Corporation of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition, they are responsible for ensuring that funds from the ESFA and any other public funds are used only in accordance with the ESFA's grant funding agreements and contracts and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the College's resources and expenditure, so that the benefits that should be derived from the application of public funds from the ESFA and other public funds are not put at risk.

Approved by order of the members of the Corporation on 14 December 2020 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'POdulinski', with a small flourish at the end.

Pauline Odulinski
CHAIR

Independent Auditor's Report to the Corporation of City College Plymouth

Opinion

We have audited the financial statements of City College Plymouth (the 'College') and its subsidiaries (the 'group') for the year ended 31 July 2020, which comprise the Consolidated and College Statement of Comprehensive Income, the Consolidated and College Statement of Changes in Reserves, the Consolidated and College Balance Sheets, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Group's and of the College's affairs as at 31 July 2020 and of the Group's surplus of income over expenditure for the year then ended;
- Have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice; and
- Have been properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.
- Meet the requirements of the Accounts Direction dated 25 October 2019 issued by the Office for Students

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs UK) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- The Corporations' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- The Corporation has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the College's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised.

Other information

The Corporation is responsible for the other information. The other information comprises the information included in the members report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Report on other legal and regulatory requirements

We are required to report on the following matters by the Post 16 Audit Code of Practice issued by the Education and Skills Funding Agency.

We have nothing to report in respect of the following matters in our opinion:

- Proper accounting records have not been kept; and
- The financial statements are not in agreement with the accounting records and returns; and
- All information and explanations required for the audit were not received.

We are required to report on the following matters by the Accounts Direction dated 25 October 2019 issued by the Office for Students:

We have nothing to report in respect of the following matters in our opinion:

- The provider's grant and fee income, as disclosed in the note to the accounts, has been materially misstated.
- The provider's expenditure on access and participation activities for the financial year has been materially misstated.

Responsibilities of the Members of the Corporation of City College Plymouth

As explained more fully in the Statement of Responsibilities of the Members of the Corporation set out on page 31-32, the College's Corporation is responsible for the preparation of the financial statements which give a true and fair view and for such internal control as the Members of the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements the Members of the Corporation are responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Corporation as a body in accordance with statutory requirements. Our audit work has been undertaken so that we might state to the Corporation as a body those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or the opinions we have formed.

PKF Francis Clark

PKF Francis Clark, Statutory Auditor
North Quay House
Sutton Harbour
Plymouth
PL4 0RA

Date: 18/12/2020

Reporting Accountant's Assurance Report on Regularity for the Year Ended 31 July 2020 to the Corporation of City College Plymouth and Secretary of State for Education acting through the Education and Skills Funding Agency (ESFA)

In accordance with the terms of our engagement letter dated 20 July 2020 and further to the requirements and conditions of funding in ESFA's grant funding agreements and contracts, or those of any other public funder, we have carried out an engagement to obtain limited assurance about whether anything has come to our attention that would suggest in all material respects the expenditure disbursed and income received by City College Plymouth during the period 1 August 2019 to 31 July 2020 have not been applied to the purposes identified by Parliament and the financial transactions do not conform to the authorities which govern them.

The framework that has been applied is set out in the Post 16 Audit Code of Practice ("the Code") issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) data returns, for which the ESFA has other assurance arrangements in place.

This report is made solely to the Corporation of City College Plymouth and the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of City College Plymouth and the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation of City College Plymouth and the ESFA for our work, for this report, or for the conclusion we have formed.

Respective responsibilities of the Corporation of City College Plymouth and the reporting accountant

The Corporation of City College Plymouth is responsible, under the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Code issued by the ESFA. We performed a limited assurance engagement as defined in that framework.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the college's income and expenditure.

The work undertaken to draw to our conclusion includes:

- Inspection and review of documentation providing evidence of governance procedures, including the self-assessment questionnaire prepared by City College Plymouth.
- Evaluation of the system of internal controls for authorisation and approval.
- Performing substantive tests on relevant transactions.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2019 to 31 July 2020 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

PKF Francis Clark

PKF Francis Clark
Registered Auditors
North Quay House
Sutton Harbour
Plymouth
PL4 0RA

Date: 18/12/2020

Consolidated Statement of Comprehensive Income and Expenditure

				Restated	Restated
	Notes	2020	2020	2019	2019
		Group	College	Group	College
		£'000	£'000	£'000	£'000
INCOME					
Funding Body Grants	2	24,408	23,143	22,979	21,726
Tuition fees and education contracts	3	5,674	5,106	6,147	5,564
Other grants and contracts	4	603	590	892	884
Other income	5	747	824	1,102	1,156
Investment income	6	14	195	2	339
Total income		31,446	29,858	31,122	29,669
EXPENDITURE					
Staff costs	7	20,561	19,088	20,511	19,040
Other operating expenses	8	7,757	7,698	8,579	8,621
Depreciation	10,11	1,738	1,643	2,227	2,142
Interest and other finance costs	9	761	761	818	818
Total expenditure		30,817	29,190	32,135	30,621
Surplus/(Deficit) before other gains and losses		629	668	(1,013)	(952)
Loss on disposal of fixed assets		(165)	(165)	(22)	(22)
Surplus/(Deficit) for the year		464	503	(1,035)	(974)
Actuarial (loss) in respect of pension schemes		(12,496)	(12,496)	(2,766)	(2,766)
Total Comprehensive Income for the year		(12,032)	(11,993)	(3,801)	(3,740)
Represented by:					
Restricted comprehensive income		-	-	-	-
Unrestricted comprehensive income		(12,032)	(11,993)	(3,801)	(3,740)
		(12,032)	(11,993)	(3,801)	(3,740)

The statement of comprehensive income and expenditure is in respect of continuing activities.

The Group's activities relate solely to the provision of education and training services in the United Kingdom.

Consolidated and College Statement of Changes in Reserves

	Income and Expenditure Account	Revaluation Reserve	Capital Reserve	Total
	£'000	£'000	£'000	£'000
Group				
Balance at 1 August 2018	(16,688)	5,563	44	(11,081)
Deficit from the income and expenditure account	(1,035)	-	-	(1,035)
Other comprehensive income	(2,766)	-	-	(2,766)
Transfers between revaluation and income and expenditure reserves	284	(284)	-	-
	(3,517)	(284)	-	(3,801)
Balance 31 July 2019	(20,205)	5,279	44	(14,882)
Surplus from the income and expenditure account	464	-	-	464
Other comprehensive income	(12,496)	-	-	(12,496)
Transfers between revaluation and income and expenditure reserves	284	(284)	-	-
Total comprehensive income for the year	(11,748)	(284)	-	(12,032)
Balance at 31 July 2020	(31,953)	4,995	44	(26,914)
College				
Balance at 1 August 2018	(16,006)	5,563	44	(10,399)
Deficit from the income and expenditure account	(974)	-	-	(974)
Other comprehensive income	(2,766)	-	-	(2,766)
Transfers between revaluation and income and expenditure reserves	284	(284)	-	-
	(3,456)	(284)	-	(3,740)
Balance 31 July 2019	(19,462)	5,279	44	(14,139)
Surplus from the income and expenditure account	503	-	-	503
Other comprehensive income	(12,496)	-	-	(12,496)
Transfers between revaluation and income and expenditure reserves	284	(284)	-	-
Total comprehensive income for the year	(11,709)	(284)	-	(11,993)
Balance at 31 July 2020	(31,171)	4,995	44	(26,132)

Balance Sheets as at 31 July 2020

	Notes	Group 2020 £'000	College 2020 £'000	Group 2019 £'000	College 2019 £'000
Non-current Assets					
Intangible Assets	10	643	51	721	64
Tangible Assets	11	29,986	29,900	31,758	31,694
Investments	12	-	1,587	-	1,587
Total Non-current Assets		30,629	31,538	32,479	33,345
Current Assets:					
Stock		56	56	43	43
Trade and Other Receivables	13	1,327	1,280	1,591	1,712
Cash and Cash Equivalents	18	4,749	4,649	1,135	983
Total Current Assets		6,132	5,985	2,769	2,738
Less: Creditors - amounts falling due within one year	14	(5,165)	(5,145)	(4,820)	(4,912)
Net current Assets/(Liabilities)		967	840	(2,051)	(2,174)
Total Assets less Current Liabilities		31,596	32,378	30,428	31,171
Less: Creditors - amounts falling due after more than one year	15	(14,323)	(14,323)	(15,225)	(15,225)
Provisions:					
Defined Benefit Obligation	23	(43,574)	(43,574)	(29,414)	(29,414)
Other Provisions	17	(613)	(613)	(671)	(671)
Total Net Liabilities		(26,914)	(26,132)	(14,882)	(14,139)
Unrestricted Reserves:					
Income and expenditure Account		(31,953)	(31,171)	(20,205)	(19,462)
Revaluation Reserve		4,995	4,995	5,279	5,279
Total unrestricted reserves		(26,958)	(26,176)	(14,926)	(14,183)
Restricted Reserves:					
Capital Reserve		44	44	44	44
Total Reserves		(26,914)	(26,132)	(14,882)	(14,139)

The financial statements on pages 38 to 69 were approved and authorised for issue by the Corporation on 14 December 2020 and were signed on its behalf on that date by:



Pauline Odulinski
Chair



Jackie Grubb
Accounting Officer

Consolidated Statement of Cash Flows

	Notes	2020	2019
		£'000	£'000
Cashflow from operating activities			
Surplus/(Deficit) for the year		464	(1,035)
Adjustment for non-cash items			
Depreciation		1,633	1,738
Accelerated Depreciation		-	388
Amortisation		105	101
(Increase)/Decrease in stocks		(13)	6
Decrease/(Increase) in debtors		265	(458)
Increase/(Decrease) in creditors due within one year		117	(922)
(Decrease) in creditors due after one year		(733)	(568)
(Decrease)/Increase in provisions		(58)	179
Pension cost less contributions payable		1,664	2,074
Adjustment for investment or financing activities			
Investment income		(14)	(2)
Interest payable		157	173
Loss on disposal of fixed assets		164	22
Net cash flow from operating activities		3,751	1,696
Cash flows from investing activities			
Proceeds from sale of fixed assets		775	-
Investment income		14	2
Capital grants received		606	101
Payments made to acquire intangible assets		(27)	(19)
Payments made to acquire tangible assets		(800)	(511)
		568	(427)
Cash flows from financing activities			
Interest paid		(157)	(174)
Repayments of amounts borrowed		(548)	(567)
		(705)	(741)
Increase in cash and cash equivalents in the year		3,614	528
Cash and cash equivalents at the beginning of the year	18	1,135	607
Cash and cash equivalents at the end of the year	18	4,749	1,135

Notes to the Accounts

1. Accounting policies

Statement of accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2015 (the 2015 FE HE SORP), the College Accounts Direction for 2019 to 2020 and in accordance with Financial Reporting Standard 102- "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention as modified by the use of previous valuations as deemed cost at transition for certain non-current assets.

Basis of consolidation

The consolidated financial statements include the College and its subsidiary, Achievement Training Limited, controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Uniform accounting policies are adopted across the Group. Under the purchase method of accounting, the results of subsidiary and associate undertakings acquired or disposed of during the year are included in the consolidated income and expenditure account from or up to the date on which control of the undertaking passes. Intra-group sales and profits are eliminated fully on consolidation.

In accordance with FRS 102, the activities of the student union have not been consolidated because the College does not control those activities. All financial statements are made up to 31 July 2020.

Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Operating and Financial Review. The financial position of the College, its cash flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College has £919,000 of loan outstanding with bankers on terms negotiated in 2013, and a further £3,378,000 of loan outstanding to Plymouth City Council on terms negotiated in 2016. The College's forecasts and financial projections indicate that it will be able to operate within existing facilities for the foreseeable future.

Despite the challenges as a result of COVID-19, the College group delivered an underlying operational performance ahead of budget in 2019/20, although this was in part attributable to guaranteed income streams offset by substantial savings in premises and non-pay spend. On a day to day basis, the College proactively manages its cost base and has aligned staffing levels to delivery requirements whilst maintaining high quality teaching, learning and assessment, and student outcomes. The College carefully monitors cashflow through daily and weekly cashflow forecasts and reports against loan covenants within the monthly management accounts. Plans are monitored regularly by the Board. Enhanced weekly monitoring of the financial position was implemented during the period March to June 2020 due to the heightened risk from COVID-19 and uncertainties around income, especially apprenticeship income.

Assuming no adverse change to funding levels in Further Education, and allowing for an anticipated growth in student numbers as experienced in 2019/20 the Financial Plan which underpins the Strategic Plan indicates an operational surplus will be achieved in 2020/21 and this will be maintained into 2021/22. There will be challenges due to the ongoing nature of the COVID-19 restrictions, but the improved position for 2019/20 and the high levels of cash balances in hand at the end of July mean the College is well positioned to weather the financial impacts over the next year. The budget set was a prudent budget assuming there will be a continued reduction in income from commercial activities. There is a potential for one of the bank covenants to be breached in 2020/21 but early discussions have already been held with Bank who are supportive of the College position and have indicated that they will look to revise the calculation for the covenant if necessary as the breach is occurring due to the exceptional cash position at the end of July 2020 and potential drop to more sustainable levels at the end of July 2021.

Accordingly, the College has a reasonable expectation that it has adequate resources to continue in operational existence for the foreseeable future, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

Recognition of income

Revenue grant funding

Government revenue grants include funding body recurrent grants and other grants and are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget is adjusted for and reflected in the level of recurrent grant recognised in the income and expenditure account. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits. Exceptionally for 2019/20, providing AEB income earned is at least 80% of allocation, no clawback is to be implemented. The College achieved 88% of allocation and accordingly the full allocation has been credited to the Statement of Comprehensive Income. 16-18 learner-responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from OfS represents the funding allocations attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as

deferred income within creditors on the balance sheet and released to income as the conditions are met.

Capital grant funding

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual model as permitted by FRS 102. Other, non-governmental, capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Fee income

Income from tuition fees is stated gross of any expenditure which is not a discount and is recognised in the period for which it is received.

Investment income

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis.

Agency arrangements

The College acts as an agent in the collection and payment of discretionary support funds. Related payments received from the funding bodies and subsequent disbursements to students are excluded from the income and expenditure of the College where the College is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Accounting for post-employment benefits

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans, which are externally funded and contracted out of the State Second Pension.

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method.

The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

Devon Local Government Pension Scheme (LGPS)

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs

and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately in actuarial gains and losses.

Short term employment benefits

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount the College expects to pay as a result of the unused entitlement.

Enhanced Pensions

The actual cost of any enhanced on-going pension to a former member of staff is paid by a college annually. An estimate of the expected future cost of any enhancement to the on-going pension of a former member of staff is charged in full to the College's income in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding bodies.

Non-current assets – Tangible fixed assets

Tangible fixed assets are stated at deemed cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and buildings

Freehold buildings are depreciated over their expected useful economic life to the College of 35-40 years. The College has a policy of depreciating major adaptations to buildings over the period of their useful economic life of between 20 and 40 years.

Freehold land is not depreciated as it is considered to have an indefinite useful life.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

On adoption of FRS 102, the College followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, as deemed cost but not to adopt a policy of revaluations of these properties in the future.

Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July. They are not depreciated until they are brought into use.

Subsequent expenditure on existing fixed assets

Where significant expenditure is incurred on tangible fixed assets after initial purchase it is charged to income in the period it is incurred, unless it increases the future benefits to the College, in which case it is capitalised and depreciated on the relevant basis.

Equipment

Equipment costing less than £1,000 per individual item is recognised as expenditure in the period of acquisition. All other equipment is capitalised at cost.

Capitalised equipment is depreciated on a straight-line basis over its remaining useful economic life as follows:

- General equipment – 15% per annum (6.67 years)
- Furniture, Fixtures and Fittings – 15% per annum (6.67 years)
- Computer equipment/technical equipment – 25% per annum (4 years)
- Vehicles – 25% per annum (4 years)

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Comprehensive Income and Expenditure.

Goodwill

When the cost of an acquisition exceeds the fair value of the net assets acquired, the difference is treated as purchased goodwill, and is capitalised and amortised through the Statement of Comprehensive Income and Expenditure over its useful economic life. The estimated economic life of goodwill is 20 years, as retained on transition, being the period over which the College Group expects to benefit from the subsidiaries' reputation, contacts and skills. Goodwill is amortised using the straight-line method. Impairment reviews are carried out to ensure that goodwill is not carried above the recoverable amount. Any impairment write down will be charged to the Income and Expenditure account.

Intangible assets

Intangible assets such as software, are measured at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is charged so as to allocate the cost of intangibles less their residual values over their estimated useful lives of 4 years, using the straight-line method. If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure. Any lease premiums or incentives relating to leases signed after 1st August 2014 are spread over the minimum lease term. The College has taken advantage of the transitional exemptions in FRS 102 and has retained the policy of spreading lease premiums and incentives to the date of the first market rent review for leases signed before 1st August 2014.

Leasing agreements which transfer to the College substantially all the benefits and risks of ownership of an asset are treated as finance leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Investments*Investments in subsidiaries*

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Other investments

Listed investments held as non-current assets and current asset investments, which may include listed investments, are stated at fair value, with movements recognised in Comprehensive Income. Investments comprising unquoted equity instruments are measured at fair value, estimated using a valuation technique.

Inventories

Inventories are stated at the lower of their cost and net realisable value, being selling price less costs to complete and sell. Where necessary, provision is made for obsolete, slow-moving and defective items.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

Foreign currency translation

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies

are translated at the rates of exchange ruling at the end of the financial period with all resulting exchange differences being taken to income in the period in which they arise.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Taxation

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover around 1.2% of the VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The College's subsidiary company, Achievement Training Limited (ATL), is subject to corporation tax and VAT in the same way as any commercial organisation.

Provisions and contingent liabilities

Provisions are recognised when

- the College has a present legal or constructive obligation as a result of a past event,
- it is probable that a transfer of economic benefit will be required to settle the obligation and
- a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

Judgements in applying accounting policies and key sources of estimation uncertainty*Judgements in applying accounting policies*

In preparing these financial statements, management have made the following judgements:

- Determine whether leases entered into by the College either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Local Government Pension Scheme*

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in note 23, will impact the carrying amount of the pension liability. Furthermore, a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2020. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

2 Funding Body Grants

	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
<u>Recurrent grants</u>				
Education and Skills Funding Agency - Adult Education budget	8,910	7,689	8,944	7,752
Education and Skills Funding Agency - 16-18	12,406	12,362	11,496	11,496
Office for Students	561	561	584	584
<u>Specific grants:</u>				
Education and Skills Funding Agency - Provider Relief Scheme	-	-	-	-
Capacity Development Fund	197	197	202	202
Teacher Pension Scheme Contribution Grant	518	518	-	-
Careers Pilot	-	-	60	-
Maths Centre of Excellence	148	148	219	219
Releases of Government Capital Grants	680	680	581	581
Local Authority Element 3 Funding	988	988	893	893
Total	24,408	23,143	22,979	21,726

Under the provider release scheme, the corporation received funding of £33k from the ESFA. Due to difficulties in evidencing spend it has been assumed the funding will be repaid in full.

2a Office for Students (OfS)

	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Grant Income from OfS (direct)	561	561	559	559
Grant income from OfS (via University of Plymouth)	11	11	25	25
Fee income for taught awards (exclusive of VAT)	3,023	3,023	2,906	2,906
Total	3,595	3,595	3,490	3,490

The OfS regulates higher education in colleges. The information in the table above relates to courses at Level 4 and above. The College undertakes HE delivery in partnership with the University of Plymouth and Marjon University. In order to meet the requirements of the OfS Accounts Direction a separate note showing the analysis of HE income is required in the accounts.

3 Tuition fees and education contracts

	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Adult education fees	284	230	924	570
Apprenticeship contracts	200	200	337	325
Fees for FE loan supported courses	1,302	924	955	910
Fees for HE loan supported courses	3,023	3,023	2,906	2,906
International student fees	686	686	739	739
Total tuition fees	5,495	5,063	5,861	5,450
Education contracts	179	43	286	114
Total	5,674	5,106	6,147	5,564

4 Other grants and contracts

	2020	2020	Restated	Restated
Other Grants and Contracts	Group	College	2019	2019
	£'000	£'000	Group	College
			£'000	£'000
Erasmus	42	42	216	216
European Commission	253	253	223	223
Other UK grants and contracts	208	203	435	427
Non-Government Capital Grants	18	18	18	18
Coronavirus Job Retention Scheme Grant	82	74	-	-
Total	603	590	892	884

The corporation furloughed 29 staff employed in commercial income areas, for example the nursery and student training areas of PL1 and Stars Hair and Beauty, under the government's Coronavirus Job Retention Scheme. A further 5 staff were furloughed by Achievement Training. The funding received of £82,000 relates to staff costs which are included within the staff costs note below as appropriate.

The restatement of prior year relates to the recategorisation of non-government grants from other income.

5 Other income

	2020	2020	Restated	Restated
	Group	College	2019	2019
	£'000	£'000	Group	College
			£'000	£'000
Nursery Fees	207	207	240	240
Training Income	100	100	157	157
Lettings/Hire	48	48	94	94
Exam Fees	10	10	19	18
Bus Passes	194	194	269	269
Consultancy and Other Services Income	43	124	125	188
Other	145	141	198	190
Total	747	824	1,102	1,156

6 Investment income

	2020 Group £'000	2020 College £'000	2019 Group £'000	2019 College £'000
Other interest receivable	14	13	2	2
Investment Income- Gift Aid	-	182	-	337
Total	14	195	2	339

7 Staff costs

The average number of persons (including key management personnel) employed by the Group during the year was:

	2020 Group Number	2020 College Number	Restated 2019 Group Number	Restated 2019 College Number
Teaching staff	508	457	504	473
Non-teaching staff	205	173	231	176
Total	713	630	735	649

Staff costs were previously reported as a full-time equivalent and figures for 2019 have been restated

Staff costs for the above persons

	2020 Group £'000	2020 College £'000	2019 Group £'000	2019 College £'000
Wages and salaries	14,556	13,203	14,675	13,317
Social security costs	1,280	1,193	1,298	1,210
Other pension costs	3,803	3,770	3,663	3,638
Payroll sub total	19,639	18,166	19,636	18,165
Contracted out staffing services	922	922	404	404
	20,561	19,088	20,040	18,569
Staff Restructuring - Contractual	-	-	471	471
Total staff costs	20,561	19,088	20,511	19,040

A 1% pay award was to college staff made during the financial year 1 August 2019 to 31 July 2020. In addition, a further increase of 5p per hour was made to lower grades from 1 April 2020 to maintain disparity with National Minimum Wage rates.

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Senior Leadership Team, which comprises the Principal, Deputy Principal and the Chief Finance Officer (CFO). A further KMP was in place from April 20 to July 20. Two further interim posts were appointed with effect July 2020.

Staff costs include compensation paid to key management personnel for loss of office.

Emoluments of key management personnel, Accounting Officer and other higher paid staff:

	2020	2019
	Number	Number
The number of key management personnel including the Accounting Officer was:	<u>6</u>	<u>6</u>

The number of key management personnel and other staff who received annual emoluments, excluding pension contributions and employer's national insurance but including benefits in kind, in the following ranges was:

	Key management personnel		Other staff	
£50,001 to £55,000	-	-	6	4
£55,001 to £60,000	1	-	-	-
£60,001 to £65,000	1	-	-	-
£65,001 to £70,000	-	-	-	-
£70,001 to £75,000	-	-	-	-
£75,001 to £80,000	-	1	-	-
£80,001 to £85,000	-	-	-	-
£85,001 to £90,000	1	1	-	-
£90,001 to £95,000	1	1	-	-
£95,001 to £100,000	-	-	-	-
£100,001 to £105,000	1	-	-	-
£105,001 to £110,000	-	-	-	-
£110,001 to £115,000	-	-	-	-
£115,001 to £120,000	-	-	-	-
£120,001 to £125,000	-	-	-	-
£125,001 to £130,000	-	-	-	-
£130,001 to £135,000	-	1	-	-
£135,001 to £140,000	1	1	-	-
£140,001 to £145,000	-	-	-	-
£145,001 to £150,000	-	-	-	-
£150,001 to £155,000	-	-	-	-
£155,001 to £160,000	-	-	-	-
£160,001 to £165,000	-	1	-	-
	<u>6</u>	<u>6</u>	<u>6</u>	<u>4</u>

Key management personnel includes an interim Digital Transformation Manager (effective 25 June 2020) and an interim Partnerships and Commercial Manager (with effect 20 July 2020) through an agency arrangement. Both of these positions were appointed for an interim period of 6 months to support the senior leadership team to develop detailed strategic operational plans, following the approval of the new corporate strategy.

One post was in place for 3 months (April – July). The position was terminated in July 2020 and a severance payment was made as disclosed below.

No other staff exceed the disclosure requirements of annual emoluments, excluding employer pension contributions, in excess of £60,000. The College however chooses to make a voluntary disclosure of other key staff below this limit. Other key staff are defined as College Directors, mainly Heads of Faculties.

Key management personnel compensation is made up as follows:

	2020	2019
	£'000	£'000
Salaries	342	333
Benefits in kind	2	5
Pension contributions	75	50
Agency Costs	6	-
	425	388

The above compensation includes amounts payable to the Accounting Officer (who is also the highest paid officer) of:

Principal and CEO (from 03 June 2019)

	2020	2019
	£'000	£'000
Salaries	140	23
Benefits in kind	1	-
Pension contributions	33	4
	174	27

Prior year only

1. Principal and CEO (1 August 2018 – 12 November 2018)

	2020	2019
	£'000	£'000
Salaries	-	50
Benefits in kind	-	-
Pension contributions	8	8
	8	58

2. Principal and CEO (27 November 2018 – 30 June 2019)

	2020	2019
	£'000	£'000
Salaries	-	81
Benefits in kind	-	3
Pension contributions	-	13
	-	97

The governing body has adopted AoC's Senior Staff Remuneration Code in July 2019 and will assess pay in line with its principles.

The remuneration package of the Principal and Chief Executive is subject to annual review by the Remuneration Committee of the governing body who use benchmarking information to provide objective guidance, including an assessment of value and performance delivered.

The Principal and Chief Executive reports to the Chair of Board of Governors, who undertakes an annual review of her performance against the college's overall objectives using both qualitative and quantitative measures of performance.

Relationship of Principal and CEO pay and remuneration expressed as a multiple

	2020	2019
Principal and CEO's basic salary as a multiple of the median of all staff	5.25	5.92
Principal and CEO's total remuneration as a multiple of the median of all staff	5.27	6.04

Compensation for loss of office paid to former key management personnel

	2020	2019
	£	£
Compensation paid to Key Post Holder (severance)	11,225	-
Estimated value of other benefits, including provisions for pension benefits	5,417	-
<u>Prior year</u>		
Compensation paid to former Principal (severance)	-	41,250
Estimated value of other benefits, including provisions for pension benefits	-	40,430

The severance payments were approved by the College's Remuneration Committee.

The members of the Corporation other than the Accounting Officer and the staff members did not receive any payment from the institution other than the reimbursement of travel and subsistence expenses incurred in the course of their duties.

Overseas activities

The following costs were incurred during 2019/20 in respect of overseas activities which were carried out in accordance with the strategy approved by the Governing Body.

	Total Cost	Contrib received	Net cost to College
	£'000	£'000	£'000
Members	-	-	-
Senior Postholders	-	-	-
Other Staff	33	-	33
Total	33	-	33

2018/19	Total Cost	Contrib received	Net cost to College
	£'000	£'000	£'000
Members	-	-	-
Senior Postholders	-	-	
Other Staff	117	-	117
Total	117	-	117

8 Other operating expenses

	2020 Group £'000	2020 College £'000	2019 Group £'000	2019 College £'000
Teaching costs	2,341	2,253	3,072	2,860
Non-teaching costs	3,373	3,060	3,425	3,241
Premises costs	1,775	1,489	1,883	1,631
Franchised provision	268	896	199	889
Total	7,757	7,698	8,579	8,621

Other operating expenses include:

	2020 Group £'000	2020 College £'000	2019 Group £'000	2019 College £'000
Auditors' remuneration:				
Financial statements audit	31	24	29	22
Other services provided by financial statements auditors	4	4	3	3
Internal audit (College and Group)	24	24	22	22
Hire of plant and machinery - operating leases	527	368	576	417
Hire of other assets - operating leases	92	92	94	94

8a Access and participation spending – Group and College

	2020 £'000
Access Investment	22
Financial support to students (Bursaries)	50
Support for disabled students	43
Research and Evaluation	9
	124

The College has an access and participation plan that has been approved by the OfS's director of fair access and participation. There are no comparative figures as the plan was not in place prior to 1 August 2019.

9 Interest and other finance costs – Group and College

	2020	2019
	£'000	£'000
On bank loans, overdrafts and other loans:	154	173
Net interest on defined pension liability (note 23)	607	645
Total	761	818

10 Intangible assets (Group)

	Goodwill	Software	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2019	1,371	416	1,787
Additions	-	27	27
Elimination in respect of disposals	-	-	-
At 31 July 2020	1,371	443	1,814
Accumulated Amortisation			
At 1 August 2019	703	363	1,066
Charge for year	68	37	105
Elimination in respect of disposals	-	-	-
At 31 July 2020	771	400	1,171
Net book value at 31 July 2020	600	43	643
Net book value at 31 July 2019	668	53	721

10 Intangible assets (College)

	Goodwill	Software	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2019	54	416	470
Additions	-	27	27
Elimination in respect of disposals	-	-	-
At 31 July 2020	54	443	497
Accumulated Amortisation			
At 1 August 2019	43	363	406
Charge for year	3	37	40
Elimination in respect of disposals	-	-	-
At 31 July 2020	46	400	446
Net book value at 31 July 2020	8	43	51
Net book value at 31 July 2019	11	53	64

11 Tangible assets (Group)**Land and Buildings**

	Freehold	Long Leasehold	Equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2019	47,577	209	7,357	-	55,143
Additions	-	-	750	50	800
Disposals	(6,475)	-	(597)	-	(7,072)
At 31 July 2020	41,102	209	7,510	50	48,871
Accumulated Depreciation					
At 1 August 2019	17,138	104	6,142	-	23,384
Charge for year	1,036	5	592	-	1,633
Eliminated in respect of disposals	(5,557)	-	(575)	-	(6,132)
At 31 July 2020	12,617	109	6,159	-	18,885
Net book value at 31 July 2020	28,485	100	1,351	50	29,986
Net book value at 31 July 2019	30,439	105	1,215	-	31,758

Tangible assets (College only)**Land and Buildings**

	Freehold	Long Leasehold	Equipment	Assets in the course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 August 2019	47,577	209	7,119	-	54,905
Additions	-	-	699	50	749
Disposals	(6,475)	-	(597)	-	(7,072)
At 31 July 2020	41,102	209	7,221	50	48,582
Accumulated Depreciation					
At 1 August 2019	17,137	104	5,970	-	23,211
Charge for year	1,036	5	562	-	1,603
Eliminated in respect of disposals	(5,557)	-	(575)	-	(6,132)
At 31 July 2020	12,616	109	5,957	-	18,683
Net book value at 31 July 2020	28,486	100	1,264	50	29,900
Net book value at 31 July 2019	30,440	105	1,149	-	31,694

Land and buildings were valued at depreciated replacement cost on 31 July 1998 by N.J. Holman F.R.I.C.S. of Vickery Holman Limited.

If inherited land and buildings had not been revalued before being deemed as cost on transition they would have been included at nil value.

Land and buildings with a net book value of £4,995,000 (2019/20: £5,279,000) have been funded from Local Education Authority sources. Should these assets be sold, the College would either have to surrender the sale proceeds to the ESFA or use them in accordance with the financial memorandum with the ESFA.

The College acquired the Head lease of PTCI House at a market value of £209,000. The lease term is for a period of 99 years from 29 September 1961.

12 Non-current Investments

	College 2020 £'000	College 2019 £'000
Investments in subsidiary company	<u>1,587</u>	<u>1,587</u>

The College owns 100 per cent of the issued ordinary £1 shares of Achievement Training Limited, a company incorporated in England and Wales. The principal business activity of Achievement Training Limited is carrying out education and training in the Plymouth travel to work area.

The Corporation believes that the carrying value of the investments is supported by their underlying net assets.

13 Trade and other receivables

	2020 Group £'000	2020 College £'000	2019 Group £'000	2019 College £'000
Amounts falling due within one year:				
Trade receivables	104	98	222	217
Amounts owed by group undertakings:				
Subsidiary undertakings	-	202	-	347
Prepayments and accrued income	675	545	703	595
Amounts owed by EFSA	548	435	666	553
Total	<u>1,327</u>	<u>1,280</u>	<u>1,591</u>	<u>1,712</u>

14 Creditors – amounts falling due within one year

	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Bank Loans and Overdraft	561	561	573	573
Payments received in advance	1,013	1,013	1,067	1,067
Trade payables	435	349	660	557
Amounts owed to group undertakings:				
Subsidiary Undertakings	-	329	-	441
Other taxation and social security	649	599	592	555
Accruals	1,025	890	862	676
Holiday pay accrual	698	650	479	477
Other creditors	17	-	21	-
Deferred income - government grants	515	515	479	479
Deferred income - revenue grants	32	32	29	29
Amounts owed to ESFA	220	207	58	58
	5,165	5,145	4,820	4,912

15 Creditors – amounts falling due after more than one year

	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	3,736	3,736	4,284	4,284
Deferred Income - Government capital grants	10,587	10,587	10,941	10,941
Total	14,323	14,323	15,225	15,225

16 Maturity of debt

Bank loans and overdrafts are repayable as follows:

	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
In one year or less	561	561	573	573
Between one and two years	556	556	549	549
Between two and five years	967	967	1,275	1,275
In more than five years	2,213	2,213	2,460	2,460
Total	4,297	4,297	4,857	4,857

The Group and the College have a Term Loan of £919,000 outstanding with bankers. The loan is secured on the freehold land and buildings of the College's Kings Road site. Interest on the term loan is charged at 2% over LIBOR.

The Group and the College have a further Term Loan of £3,378,000 outstanding with Plymouth City Council. The loan is secured on the freehold land and buildings of the College's Kings Road site. Interest on the term loan is charged at a fixed rate of 3.5%.

17 Provisions and liabilities (Group and College)

	Defined benefit Obligations	Restructu ring	Enhanced Pensions	Total
	£'000	£'000	£'000	£'000
At 1 August 2019	29,414	139	532	30,085
Expenditure in the year	(1,017)	(74)	(43)	(1,134)
Additions/(reductions) in period	15,177	-	59	15,236
At 31 July 2020	43,574	65	548	44,187

Defined benefit obligations

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government Pension Scheme. Further details are given in Note 23.

Restructuring

The College undertook a major restructuring exercise of its business support staff during 2018/19. A number of staff took early retirement and the College is obliged to make a pension strain payment to the Local Government scheme. In some cases, the College has exercised its right to make the payments over a three year period. The future year payments are reflected in the redundancy provision. The expenditure in 2019/20 is the release of the payments made in year (year 2).

Enhanced pensions

The enhanced pension provision relates to the cost of staff who have already left the College's employ and commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

The principal assumptions for this calculation are:

	2020	2019
	%	%
Interest Rate	1.3	2.3
Inflation Rate (CPI)	2.2	1.3

18 Cash and cash equivalents (Group)

	At 1 August 2019	Cash Flows	At 31 July 2020
	£'000	£'000	£'000
Cash and cash equivalents	1,135	3,614	4,749
Overdrafts	-	-	-
Total	1,135	3,614	4,749

19 Capital and other commitments (Group and College)

	2020	2019
	£'000	£'000
Commitments contracted for at 31 July	38	-

20 Contingent liability

The College is not aware of any significant contingent liabilities.

21 Events after the reporting period

There were no events after the reporting period.

22 Lease obligations

At 31 July the Group had minimum lease payments under non-cancellable operating leases as follows:

Future minimum lease payments due	2020	2020	2019	2019
	Group	College	Group	College
	£'000	£'000	£'000	£'000
Land and buildings				
Not later than one year	127	48	158	76
Later than one year and not later than five years	2	2	50	50
Later than five years	15	15	15	15
	144	65	223	141
Other				
Not later than one year	244	244	248	248
Later than one year and not later than five years	175	175	195	195
Later than five years	-	-	-	-
	419	419	443	443
Total lease payments due	563	484	666	584

23 Defined benefit obligations

The College's employees belong to two principal post-employment schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Devon County Council. Both are multi- employer defined-benefit plans.

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2012 and of the LGPS 31 March 2019.

Total pension cost for the year	2020	2020	2019	2019
	£'000	£'000	£'000	£'000
Teachers Pension Scheme: Contributions paid		1,665		1,127
Local Government Pension Scheme:				
Contributions paid (inc. strain)	1,017		1,013	
FRS 102 (28) charge	1,029		1,403	
Charge to the Statement of Comprehensive Income (note 17)		2,046		2,416
Achievement Training Limited Defined Contribution scheme: Contributions paid		33		25
Strain accrual		-		6
Enhanced pension (credit)/charge to Statement of Comprehensive Income (note 17)		59		89
Total pension cost for year within staff costs		3,803		3,663

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including colleges. Membership is automatic for teachers and lecturers at eligible institutions. Teachers and lecturers are able to opt out of the TPS.

The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. Retirement and other pension benefits are paid by public funds provided by Parliament.

Under the definitions set out in FRS 102 (28.11), the TPS is a multi-employer pension plan. The College is unable to identify its share of the underlying assets and liabilities of the plan.

Accordingly, the College has taken advantage of the exemption in FRS 102 and has accounted for its contributions to the scheme as if it were a defined-contribution plan. The College has set out above the information available on the plan and the implications for the College in terms of the anticipated contribution rates.

Valuation of the Teachers' Pension Scheme

The valuation of the TPS is carried out in line with regulations made under the Public Service Pension Act 2013. Valuations credit the teachers' pension account with a real rate of return assuming funds are invested in notional investments that produce that real rate of return.

The latest actuarial review of the TPS was carried out as at 31 March 2016. The valuation report was published by the Department for Education (the Department) in April 2019. The valuation reported total scheme liabilities (pensions currently in payment and the estimated cost of future benefits) for service to the effective date of £218 billion, and notional assets (estimated future contributions together with the notional investments held at the valuation date) of £198 billion giving a notional past service deficit of £22 billion.

As a result of the valuation, new employer contribution rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE has agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2019/20 academic year.

A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website.

The pension costs paid to TPS in the year amounted to £1,665,000 (2018: £1,127,000).

Local Government Pension Scheme

The LGPS is a funded defined-benefit plan, with the assets held in separate funds administered by Devon County Council. The total contribution made for the year ended 31 July 2020 was £1,325,000, of which employer's contributions totalled £1,017,000 (including strain payments) and employees' contributions totalled £308,000. The agreed contribution rates for future years are 16.4% plus an annual fee for employers, £125,000 in 2020/21 (£217,000 2019/20) and range from 5.5% to 12.5% for employees depending on salary according to a national scale.

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund at 31 March 2019 updated to 31 July 2020 by a qualified independent actuary.

	At 31 July 2020	At 31 July 2019
	%	%
Rate of increase in salaries	3.25	3.85
Rate of increase for pensions in payment	2.25	2.35
Discount rate for scheme liabilities	1.35	2.1
Commutation of pensions to lump sums	50	50
50/50 option	10	10

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 July 2020	At 31 July 2019
	Number	Number
Retiring today		
Males	22.9	22.5
Females	24.1	24.4
Retiring in 20 years		
Males	24.3	24.1
Females	25.5	26.2

	At 31 July 2020	At 31 July 2019
	£'000	£'000
Sensitivity analysis		
Projected service cost:		
Discount rate +0.1%	2,700	2,022
Discount rate -0.1%	2,883	2,130
Mortality assumption – 1 year increase	2,889	2,149
Mortality assumption – 1 year decrease	2,694	2,004
Long term salary increases +0.1%	2,790	2,075
Long term salary increases -0.1%	2,790	2,075
Pension increases and deferred revaluation +0.1%	2,882	2,129
Pension increases and deferred revaluation -0.1%	2,700	2,022

The College's share of the assets in the plan at the balance sheet date (which is estimated to be 1%) and the expected rates of return were:

	Fair Value at 31 July 2020 £'000	Fair Value at 31 July 2019 £'000
Gilts	1,439	1,410
UK Equities	4,876	6,469
Overseas Equities	17,854	17,375
Property	3,141	3,383
Infrastructure	1,626	1,443
Target Return Portfolio	4,913	5,469
Cash	438	664
Other Bonds	1,832	731
Alternative Assets	2,473	2,053
Private Equity	n/a	659
Total market value of assets	38,592	39,656
Weighted average expected long term rate of return	-3%	7%
Actual return on plan assets	-1,326	2,621

The amount included in the balance sheet in respect of the defined benefit pension plan is as follows:

	2020 £'000	2019 £'000
Fair value of plan assets	38,592	39,656
Present value of plan liabilities	(82,166)	(69,070)
Net defined benefit liability (Note 20)	(43,574)	(29,414)

Amounts recognised in the Statement of Comprehensive Income in respect of the plan are as follows:

	2020	2019
	£'000	£'000
Amount included in staff costs		
Service cost	2,046	2,416
Amount included in operating expenses		
Administrative expenses	28	26
Amount included in interest payable		
Net interest on defined liabilities	607	645
Amount recognised in Other Comprehensive Income		
Return on pension plan assets	(2,161)	1,627
Experience losses arising on defined benefit obligations	43	-
Changes in assumptions underlying the present value of plan liabilities	(696)	-
Change in financial and demographic assumptions Per actuarial report	(9,682)	(4,393)
Amount recognised in Other Comprehensive Income	(12,496)	(2,766)
Movement in net defined benefit (liability)/asset during year		
	2020	2019
	£'000	£'000
Defined benefit obligations at the start of the period	(29,414)	(24,574)
Movement in year:		
Service cost	(2,046)	(2,416)
Administrative expenses	(28)	(26)
Employer contributions	1,017	1,013
Net interest on the defined (liability)	(607)	(645)
Actuarial (loss) / gain	(12,496)	(2,766)
Defined benefit obligations at the end of the period	(43,574)	(29,414)
Changes in the present value of defined benefit obligations		
	2020	2019
	£'000	£'000
Defined benefit obligations at start of period	69,070	62,559
Current service cost	2,046	1,820
Interest cost	1,442	1,639
Contributions by scheme participants	308	307
Change in financial and demographic assumptions	9,682	4,393
Experience losses arising on defined benefit obligations	696	-
Estimated benefits paid net of transfers in	(1,078)	(2,244)
Past services costs, including curtailments	-	596

Defined benefit obligations at end of period	82,166	69,070
Changes in fair value of plan assets	2020	2019
	£'000	£'000
Fair value of plan assets at start of period	39,656	37,985
Interest on assets	835	994
Return on assets less interest	(2,161)	1,627
Administration expenses	(28)	(26)
Contributions by employer	1,017	1,013
Contributions by scheme participants	308	307
Estimated benefits paid net of transfers in	(1,078)	(2,244)
Other actuarial (losses) / gains	43	-
Fair value of plan assets at end of period	38,592	39,656

The results in this report include an allowance to reflect the Court of Appeal judgement in respect of the McCloud and Sargent cases which relate to age discrimination within the Judicial and Fire Pension schemes respectively. An allowance of £240,000 was made in the previous accounting report and incorporated into the accounting results as at 31 July 2019. These results including the allowance have been rolled forward and remeasured to obtain the accounting results as at 31 July 2020.

On 16 July 2020, the Government published a consultation on the proposed remedy to be applied to LGPS benefits in response to the McCloud and Sargeant cases. The consultation closes on 8 October 2020 and the final remedy will only be known after the consultation responses have been reviewed and a final set of remedial Regulations are published. We do not believe there are any material differences between the approach underlying our estimated allowance and the proposed remedy. A more detailed analysis at this stage would require a significant volume of member data which is not yet available. Therefore, we have not included any further adjustment in light of the ongoing consultation in this report.

The other financial and demographic assumptions adopted to calculate the past service cost are the same as those used to calculate the overall scheme liability. Adopting different assumptions or making other adjustments to reflect behavioural changes stemming from the judgment, would be expected to change the disclosed past service cost. Similarly, allowing for variations in individual members' future service or salary progression is expected to produce higher costs. The past service cost is particularly sensitive to the difference between assumed long term general pay growth and the CPI. If the long term salary growth assumptions were 0.5% p.a. lower, then the past service cost disclosed here would be expected to reduce by 50% and conversely a 0.5% p.a. increase would increase the estimated cost by 65%.

The estimated value of employer contributions for the year ended 31 July 2021 is £944,000.

24 Related party transactions

Due to the nature of the College's operations and the composition of the Corporation being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Corporation may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the College's financial regulations and normal procurement procedures.

No expenses were paid to or on behalf of the Governors (including specialist non-Governors serving on the Audit Committee) during the year 2019/20 (2019: £1,901; 9 governors). Governor expenses represent travel and subsistence expenses and other out of pocket

expenses incurred in attending Governor Meetings (including regional meetings by the chair) and charity events in their official capacity.

4 Governors donated their 2018/19 expenses to the Student Hardship Fund, total £240. No expenses were paid in 2019/20.

No Governor has received any remuneration or waived payment from College subsidiaries during the year (2019: none).

Transactions with the funding bodies and HEFCE are detailed in notes 2, 3 and 16.

Transactions with wholly owned subsidiary companies are exempt under FRS 102, Related Party disclosures.

Devon and Plymouth Chamber of Commerce – Dr Emily Beaumont is a Director and Paul James is a Director and Treasurer of Devon and Plymouth Chamber of Commerce, Expenditure totaling £5,050 (2019: £10,800) relating to patronage and advertising in the small business toolkit was incurred in year. There was £250 outstanding at year end (2019: £nil). Income totaling £932 (2019: £1,828), relating to provision of hospitality for the Devon Business show was received in year.

Marjon Business School - Dr Emily Beaumont is an associate professor and Director of Marjon Business school.

Expenditure of £197 was incurred in year (2019: £Nil) relating to catering at an event.

University of Plymouth – Adrian Dawson is a Director of Reach and Development at the University of Plymouth

Expenditure totaling £274,025 was incurred in year (2019: £520,431) relating to HE course delivery and registration fees under the academic partnership arrangement. At the year end there was £600 outstanding. Income of £32,813 (2019: £46,436) was received in respect of course delivery and premises compliance testing. The figure excludes grant payments.

Plymouth City Council – Ed Coley is employed by Plymouth City Council and Debbie Taylor's son is a cabinet member for Education, Skills and Transformation at Plymouth City Council

Transactions routinely occur between the College and the local council. As such, we review, consider and report on non-routine transactions only. There have been no non-routine transactions in the year requiring disclosure.

South West Institute of technology – Fiona Horrell, Head of Strategic Partnerships is also a Director of the South West Institute of Technology.

The South West Institute of Technology consists of members from each partner within the South West IoT consortium to deliver against the DoE capital IoT grant. The college is required to pay an annual contribution to the consortium to cover management costs. In 2019/20, the College made a payment of £19,303 to the consortium (2018/19: £10,000)

25 Amounts disbursed as agent

	2020	2019
	£'000	£'000
16-18 bursary grants	481	343
Other funding body grants- Adult loans bursary	323	326
Interest earned	-	-
	<hr/> 804	<hr/> 669
Disbursed to students	(549)	(588)
Administration costs	(23)	(13)
Disbursed Indirectly to students	(11)	(10)
	<hr/> (583)	<hr/> (611)
Balance unspent as at 31 July included in creditors	<hr/> 221	<hr/> 58

Of the unspent balance, £150,000 relates to the adult loan bursary which was underspent in year and £4,000 residential bursary both of which remain repayable to the funding body. The balance is in respect of 16-18 free school meals funds which can be carried forward and spent in the next financial year.

Funding body grants are available solely for students. In the majority of instances, the College only acts as a paying agent. In these circumstances, the grants and related disbursements are therefore excluded from the Statement of Comprehensive Income.

The College participated in a meal voucher scheme to ensure students were able to access food during the COVID-19 period. Vouchers were made available to qualifying students on a weekly basis.

26 Analysis of changes in net debt -Group

	At 1		Other	At 31
	August	Cash	non-cash	July
	2019	flows	changes	2020
	£000	£000	£000	£000
Cash and cash equivalents				
Cash	1,135	3,614	-	4,749
Overdraft	-	-	-	-
	<hr/> 1,135	<hr/> 3,614	<hr/> -	<hr/> 4,749
Borrowings				
Debts due within one year	(573)	573	(561)	(561)
Debts due after more than one year	(4,284)	(13)	561	(3,736)
	<hr/> (4,857)	<hr/> 560	<hr/> -	<hr/> (4,297)
Total	<hr/> (3,722)	<hr/> 4,174	<hr/> -	<hr/> 452